



RESIDENTIAL WASTE COLLECTION RATES HEARING

Planning and Sustainability Commission
May 09, 2023

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THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

Follow-up Items from April 25 Planning Commission Briefing

- Electric Garbage Trucks
- Low income rate assistance project



Low income rate assistance project

- BPS will soon initiate a project to evaluate a reduced collection fee for qualifying low income residential customers.
- A facilitated process will model the options and costs for this rate, based on BPS's priorities and input from key program partners.
- This approach will include;
 - Developing a thorough understanding of the existing rate structure and policies.
 - Incorporating perspectives from an array of stakeholders,
 - Collaborating with other City departments to identify opportunities to align with existing programs
 - Assessing program alternatives against a defined set of success criteria to ensure the resulting program meets the intended objectives.

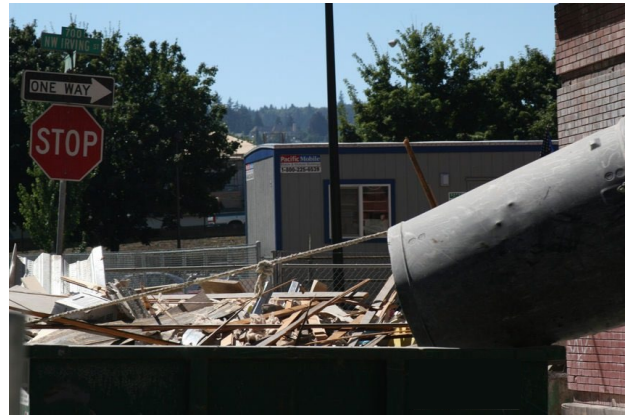


Electric Garbage Trucks?

- Portland has been a leader in reducing emissions from our garbage trucks.
- Currently we require B20 fuel or greater, and require newer trucks that carry the best pollution controls. Some haulers use CNG or renewable diesel.
- We support and remind our haulers regularly about grant opportunities.
- One electric truck has been ordered by a hauler (COR) in the commercial collection system – ordered 3 years ago, has yet to arrive.
- At least two residential haulers may apply for the next DEQ electric truck grant.
- We will continue to develop policy options to further reduce emissions.



Where does Portland's waste come from?



Background



We manage the residential collection system to:

- Support recycling and waste reduction
- Reduce environmental / climate footprint
- Deliver financially sustainable collection service with good jobs

Legal Guidance: Franchise Agreement (Ordinance 189242)

The City requires annual review and adjustment of rates with set parameters to cover overall cost of service, target operating margin, plus the franchise fee.

Section 8. RATE CRITERIA. The City shall establish a rate schedule for all Service Levels for the residential Solid Waste, Recycling and Compostables collection services. All rate schedules shall be adopted via ordinance by the City Council. The City shall set rates sufficient for Grantees in aggregate to recover Grantees' projected Allowable Expenses, Operating Margin and Pass-Through Expenses...

Section 9. RATE ADJUSTMENT

- A. Frequency. To insure that the rate schedule in effect at any time (Current Rate Schedule) conforms with the rate setting criteria established in Section 8, the rates shall be subject to review. If, as a result of the rate review, the City determines that the Current Rate Schedule does not conform to Section 8, the City Council shall adjust the Current Rate Schedule accordingly.
1. *Annual Review.* The City shall conduct an annual rate review in accordance with the process set forth in this agreement.



Rate Review Process

Typical Timeline:

- January - Haulers receive detailed cost report (DCR) template
- March – City receives DCRs. Contracted Certified Public Accountant reviews them and vets costs.
- Early April – City receives adjusted DCRs and contracted economist prepares rate model using these costs.
- Late April – City vets preliminary findings with economist and the Portland Haulers' Association; briefing for a public advisory body
- May – hearing with proposed rates with a public advisory body and then two hearings before City Council
- 30 day period for rates to become effective
- July 1 – new rates effective concurrently with City budget
- Customer notifications

This year:

- Magnitude of disposal cost increase still unknown
- Exploring notifications through our franchised collectors instead of Curbsider for timing reasons



Recent History for Rate Components

Rate Component History 35g EOW	Proposed 23/24	FY 22/23	FY 21/22	FY 20/21	FY 19/20
SW Collection Charge	\$3.84	\$3.40	\$3.07	\$2.92	\$3.34
SW Disposal Charge	\$3.75	\$3.48	\$3.15	\$2.69	\$2.74
Recycling Collection Charge	\$7.30	\$6.31	\$6.29	\$6.01	\$5.62
Yard Debris / Food Waste Collection	\$4.49	\$4.22	\$3.97	\$4.43	\$3.61
Yard Debris / Food Waste Tipping Charge	\$3.97	\$3.83	\$3.82	\$3.38	\$3.31
General and Administrative Charge	\$7.31	\$7.72	\$7.06	\$6.85	\$6.48
Rollcart Depreciation, Interest & Maintenance	\$0.43	\$0.45	\$0.34	\$0.35	\$0.33
Recyclable Materials Processing	\$1.29	\$0.60	\$2.00	\$1.86	\$2.21
Operating Margin	\$3.40	\$3.15	\$3.12	\$2.99	\$2.90
Franchise Fee	\$3.11	\$1.74	\$1.73	\$1.66	\$1.61
Total Rate	\$38.89	\$34.9	\$34.55	\$33.15	\$32.15



Key Factors for the 2023 Review



Increasing costs:

- Overall inflation
- Metro disposal fees
- Recycling processing costs
- Wages
- BPS franchise fee

Declining costs:

- Fuel
- Depreciation

Proposed Rates

Primary Garbage Service Levels	Current Monthly Rate	Proposed Monthly Rate FY23-24	Increase per Month*	Potential Larger Disposal Fee Increase
35-Gallon Every 4 Weeks	\$27.35	\$33.40	\$6.05	+\$0.40
20-Gallon	\$30.15	\$33.90	\$3.75	+\$0.35
35-Gallon	\$34.90	\$38.90	\$4.00	+\$0.40
60-Gallon	\$39.45	\$43.45	\$4.00	+\$0.50
90-Gallon	\$45.70	\$49.70	\$4.00	+\$0.55

Hilly Terrain Fee: \$0.70 increase to \$5.55

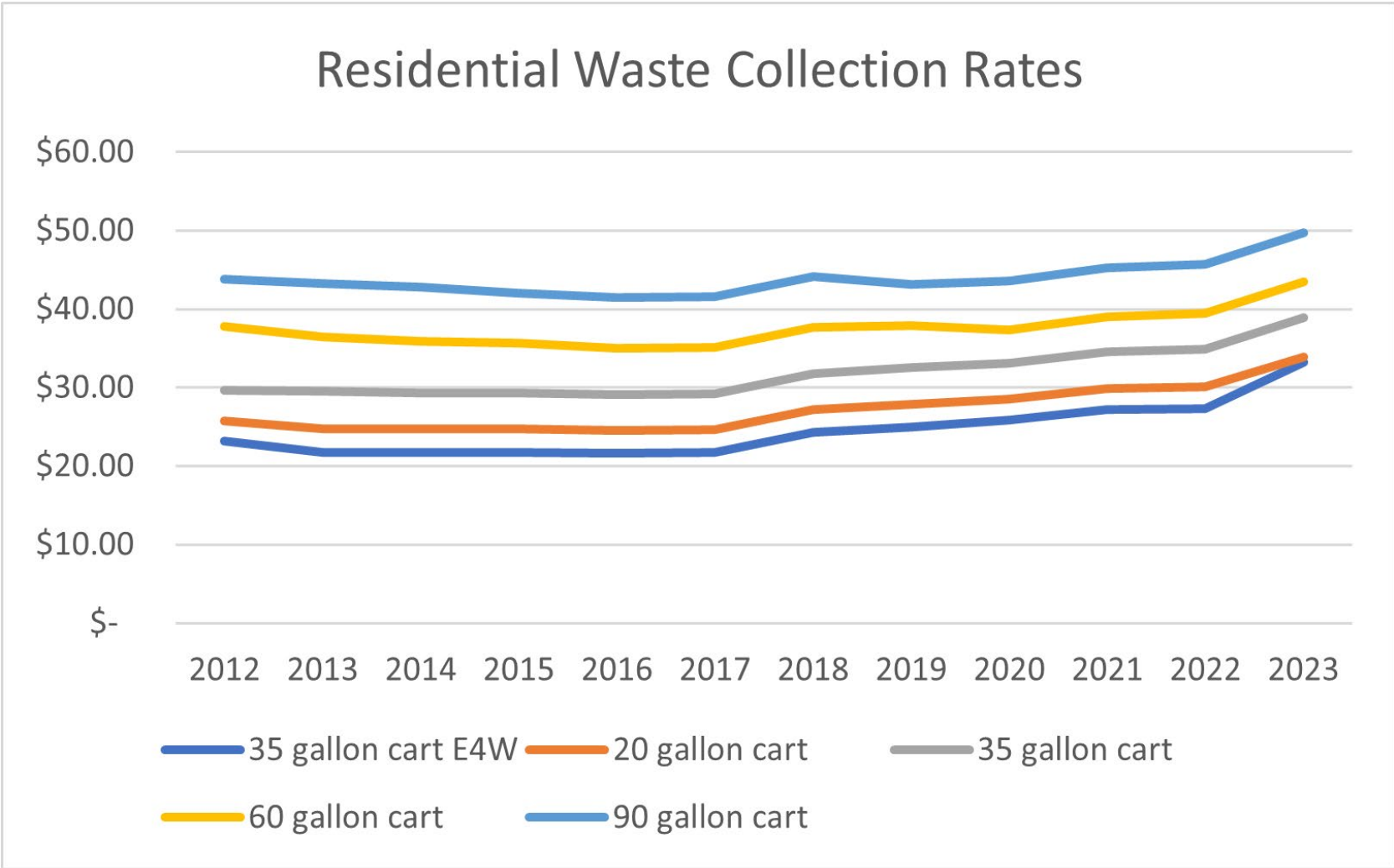
*These increases assumes that Metro Council adopts the smallest of the disposal fee increases under consideration (an 8.4% increase in the per-ton waste fee and a 58.8% increase in the transaction fee). If the per-ton fee increases by 11.2%, this would result in an additional \$0.35 to \$0.55 per month in the proposed fees brought to City Council.



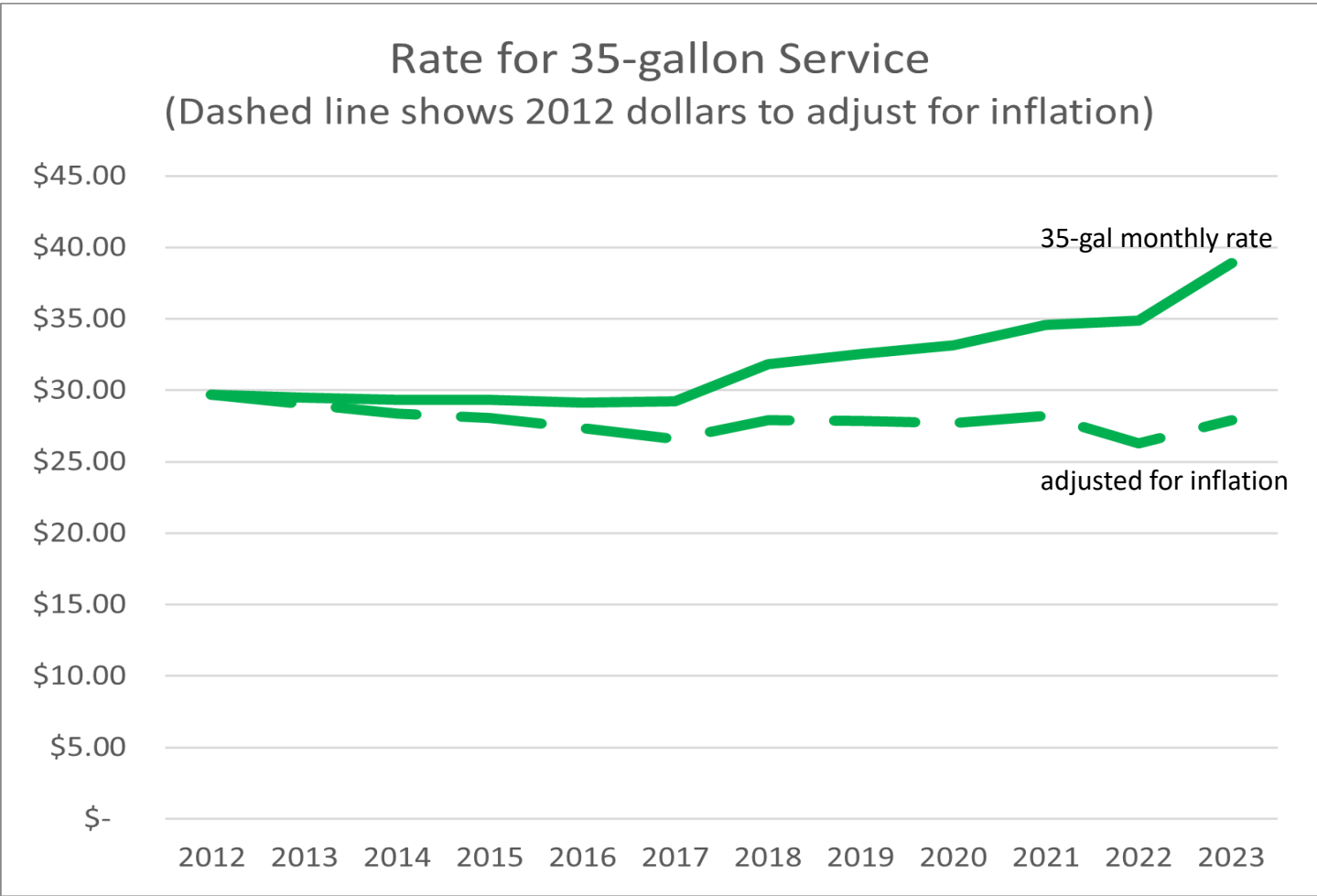
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Each service level unless otherwise noted includes every other week garbage collection, plus weekly compost, mixed recycling, glass, and motor oil.

Rates Over Time



Rates Over Time—Inflation Adjusted



Next Steps

- Today: Seeking PC vote to recommend rates to Council
- May 24 & 31: City Council Hearings
- July 1, 2023: Rates take effect



Planning Commission Decision

Staff recommends that the Planning Commission support the adoption of the proposed residential garbage, recycling, and composting collection rates, for FY 23-24, pending the Metro disposal fee, effective July 1, 2023.





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Questions?

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